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to transform
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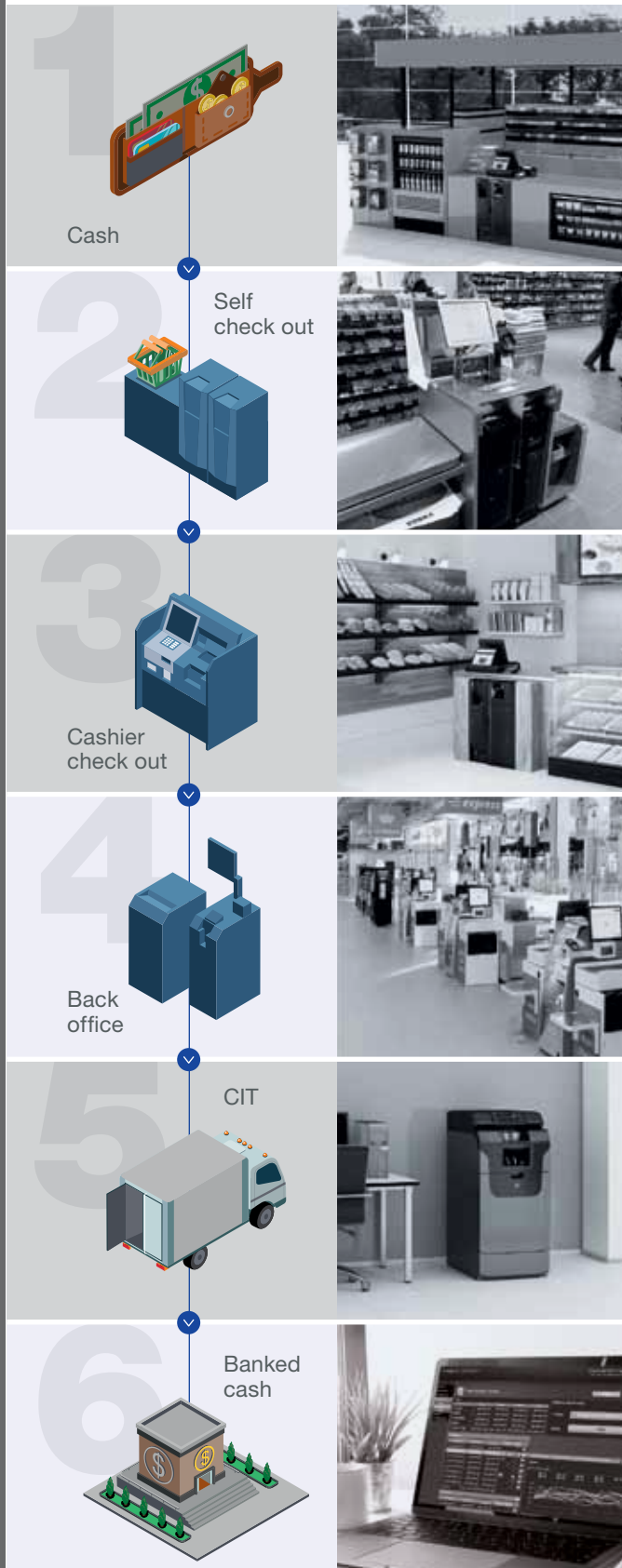
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GLORY

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Generation Z... Your future customers

Data provides
insights to why
convenience is King

Reverting to good
old-fashioned goodness

Don't ignore the
plant-based foods trend





STAFF RECRUITMENT

NOW HIRING!



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 Generation Z... As you plan for the future of your business, you cannot ignore this very important demographic that already shops in your store, but will become your main customer in the next decade or so. In the next 2–5 years, South Africa's 18–22 year old Gen Z shoppers are bound to follow their US counterparts.

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 There's a growing drive for retailers to produce world class innovative foods that differentiate them from competitors. Woolworths has just launched a new production facility in collaboration with one of their leading suppliers, In2Foods, that takes this to a new level.

Our changing retail world



This issue of Supermarket & Retailer reflects some of the dramatic changes taking place in retail, both internationally and at home.

Much of the change is due to digital technology and the way humans use it for greater personal productivity, a better shopping experience and convenience. While this is most often first seen in economies such as that of the US, one can be sure we won't be far behind.

While online ordering and home deliveries are growing overseas, giant US retailer WalMart has been investing heavily in the combination of online ordering plus in-store pickup to the extent that it has put a major portion of its ad spend behind it. The reason for this you'll find in our feature on the subject.

Perhaps the biggest consumer trend, in terms of the food they shop for, is the quest for health followed by the quest for a healthier planet. You'll be surprised at the growth of plant-based foods, particularly in the UK. While vegans and vegetarians are big, many people are upping their consumption of plant based foods and decreasing their consumption of animal products and looking for replacements for meat and dairy. This is a trend that you will ignore at your peril.

Plastic has been a boon for consumers and self-service packaging. But the pollution it has caused, together with the destruction of resources and animal life, is making many consumers to rethink purchasing plastic packaged goods. Our story on the Nude Foods is one answer to this. Check it out for inspiration.

A new generation of consumers, brought up in today's digital environment, is coming of age. Generation Z, as they're called, comprises the current 18–22 year old cohort and research in the US shows how their current situation and future aspirations distinguishes them from their parents. It is something you should think about and prepare for your major customers of tomorrow.

The concept of a 'Theatre of Food' has been around for a while now in food retail. A new Food Lovers in Hermanus has taken the concept to new heights in presenting fresh and ready-to-eat foods to the shopping public. This is something to be seen and experienced.

Then there's something that has to be on top of every retailers mind – the cost of electricity. With the tariff increases recently granted to Eskom, the compounded cost of electricity will increase by around 40% over the next three years. If it is not already the number two cost item on a stores balance sheet, it will soon be. A key to taking cost effective action to reduce the cost, if not the use of electricity, is understanding your electricity account. Read our guide to this in Energy Savvy.

As always, our aim is to both inspire you and give you tools to run a more successful store. Enjoy the read.

Stephen Maister

Stephen Maister



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The ultimate respect

Engagement, Explanation and Expectation clarity

In this series of Supermarket & Retailer's articles, we share stories of what some organisations and managers have done to motivate and inspire their teams. We give you practical ideas of what you can do to create the most amazing, customer-driven company in the world.



Aki Kalliatakis
Delight your customers

Let me start this month's column with a quick story. I was at one of SA's leading grocers, looking for celery salt that seemed to be in short supply for a long time. This time, however, I decided to speak to the manager, and her response to me was, "Oh, they never send us enough supplies. The warehouse is supposed to send us what we ask for, but they never do." This is a classic example of not taking responsibility, and redirecting the blame elsewhere, and even though she was the manager, she tried to distance herself from the problem. There are lots of reasons why employees do this, but it really doesn't help our customers.

What do you believe are the most important things you need to do to avoid such behaviour in your team?

Last month I introduced the 10 Es of managing and motivating people, and discussed how important it is to enlist and recruit the right people. In this month's contribution I'd like to focus on the next three Es: **Engagement, Explanation, and Expectation Clarity**. Of all the 10 Es, these three are probably non-negotiable, because they are vital to your success as a leader.

Chan Kim and Renee Mauborgne, authors of *Blue Ocean Strategy* made the important point that implementing any new strategy or initiative in your organisation completely depends on the support of all people who work there. But the question is, "How can we



“ Everything can be taken from a man, but one thing: the last of the human freedoms – to choose one's **attitude** in any given set of circumstances, to choose one's own way. ”

Viktor E. Frankl

get people on our side?" This is especially true because most of us, you and me, really don't like change in any form. We prefer the predictability of doing things as we've always done them – although we do pray that by some miracle we will get a different result.

The question of getting people on board is not as difficult to answer as you might think, and this is where Engagement, Explanation, and Expectation Clarity play such an important role. Not only do they ensure that there is great communication between you and the people on your team, but they also clarify exactly what you need, as well as giving them evidence of how respected they are in your business. It's the first step in your ability to become a 'super-coach' and an effective leader that everyone loves.

Viktor Frankl was a European Jew who was caught up in the concentration camps of Hitler's Germany. But he was one of the few who actually survived, and, when qualifying as a psychologist after the war, he spent his

whole life wondering why he survived when others didn't. He realised that it wasn't just a stroke of luck, but that his own attitude played a major role. Unlike Sigmund Freud, who had suggested that man was driven primarily by seeking pleasure, Frankl argued that it was man's search for meaning that was the primary driver.

What is "man's search for meaning"? It's really about achieving one's highest potential, about being the best you can be at what you have chosen to do, about making a difference not only in your life, but in the lives of others too. I'm not denying that when people are hungry, cold and just barely surviving, that they are going to be purely driven by a higher purpose – that's obviously just insane. However, once our basic physical needs are taken care of, and we have managed to survive and shelter ourselves from this wild world, then nurturing others, being nurtured by others, producing good work, and making a difference in the world are vitally important.

Let's look at how these three Es can help.

Engagement is when the leader encourages individuals to share their opinions, and to get actively involved in sharing ideas and suggestions for improvements, innovations, and adding value. They can be quite formal, but they can also be quite informal – what the Americans like to call 'fireside chats'. (People also get recognised, rewarded and celebrated for these.) It's all about **listening** to employees' opinions and thoughts. You may not agree with what you have heard, but you have shown the person that you value them. Sam Walton said, "Listen to everyone in your company, especially the ones who actually talk to customers. They really know what's going on out there."

Explanation is also part of this important series of conversations. Help people understand why most decisions are made in the way they are. Take the trouble to do this, because unless people understand the 'Why', they cannot do what you ask of them. They should have no doubts about how things work around here, and feel respected by the fact that the manager shares this information.

If we look at the example above with the celery salt, I could probably assume that the person I spoke to had good reasons for not taking responsibility for my problem. She may have feared that she would be reprimanded for causing the customer unhappiness, or perhaps she felt that no matter what she did, the issue would never be resolved, and she was just wasting her time. Or maybe she felt that this customer – me – was just being a petty troublemaker that wanted to treat her poorly and cause heartache. Perhaps she didn't want to set a precedent where customers kept asking for products that weren't

available. It doesn't matter what the cause was. What's important is that the leader that she reports to did not engage with her and explain why these things happened, and how she could deal with it.

I heard a wonderful story from Starbucks, which does tons of training for all employees every month. One of the mantras they use is to say, "Your apron is your shield." They give people the tools that they need to deal with these situations, and they show their constant support as leaders.

Finally, people know exactly what is **Expected** of them, and understand the new rules of the game. The manager takes the trouble to explain why, what and how he or she specifically wants from each person – what they must say and do to be effective. Each person precisely understands the standards by which they will be judged, and know how they can be successful. (The penalties for failure are also clear.) Part of this is to state who is responsible for what. **This is also where "buying into the vision" plays such an important role.** There are just too many boring and uninspiring vision and mission statements that people will never feel part of, nor want to put in any energy to pursue.

So, instead of sitting in your office pouring over spreadsheets and reports, go out and talk to people on your team – it will make a massive difference.

(By the way, as an aside, the next time celery salt became available at the supermarket, you know exactly what I did – I bought three bottles and hoarded them. This contributed to another shortage since customers didn't know when they would next see that product again.) **SR**

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Staff recruitment tips

NOW HIRING!

By Hippo Zourides

The hackneyed phrase, "My staff are my most valuable asset" cannot be used lightly by retailers. That's if they truly believe they place the proper importance on this vital area of their business.

The process to secure this great asset starts when they recruit, no matter for which part of the store they may be employed to work in.

That said, here are a few tips that may help you secure the best possible candidates.

- **Attitude first, aptitude later**

Provided an applicant has the best attributes for the retail trade (willingness to work long hours, good health, a positive attitude, customer-oriented, a ready smile and so on) these should count in a large way when looking for new staff. You can teach someone how to slice meats or pack bread or merchandise a shelf, but it is very difficult to change the person's personality to be a customer-friendly asset.

- **Don't interview, but have a conversation**

After going through the usual scripted questions, guide the discussion into a conversation. Allow your prospects to speak for most of the time and just intervene with crucial points that will allow you to know more about their attitude to the work environment.

- **Check references**

Always have a chat to the previous employers and ask probing questions about the individual's performance or lack thereof. If you subscribe to services, such as EMPS, make enquiries about honesty and positive traits of the individual.



“ If everything else fails, remember Rule No. 1: Attitude first, aptitude later ”

- **Service orientation**

When recruiting staff, probe their reaction to various examples of customer service interactions (both easy and difficult to handle) to assess their personal initiative in this regard. Walk the sales floor with the prospective employee and test them on a variety of encounters.

- **Involve your team**

Some stores have used their existing staff members to interact with prospective employees as if they are the customer. The team's feedback on the prospect's reaction to various interactions can be taken into account when deciding on employing the person.

- **Take your time**

Do not just recruit prospects because they are one of the first to apply for the job. Dedicate enough time to the process and even if it takes a few days to decide, make sure your choice will be the best of the bunch. If need be, no one gets recruited unless you have found the right person for the job. **SR**

StoreWorks merges with the Storequip Group

Following many years of StoreWorks acting as a sales and distribution partner for the Storequip Group (incorporating KK Shelving), the business has been acquired by the Storequip Group with effect from 1 May.

StoreWorks, established in 2001, is a major player in the retail shopfitting industry and Storequip, established in 1968, is the largest manufacturer of shelving and racking systems in Southern Africa.

The association between the companies spans ±15 years and during this time a solid working relationship has evolved. This has enabled StoreWorks and Storequip to provide world class store fixturing products and in-store shopfitting solutions to many of the large retail chain stores and independents throughout Southern Africa.

StoreWorks will operate as a separate division within the Storequip Group and their skill and competency in store design, shopfitting, retail displays, shelving & racking will be significantly enhanced by the amalgamation. This will enable the business to provide a broader offering to their clients supported by the Storequip infrastructure.

Uwe Krupke, Storequip Group CEO, and Lowden Harvey of StoreWorks are really excited about the future of the business and the Group as a whole! They have intimated that ...

“ Despite the weak economic climate, we see significant growth opportunities and synergy in the partnership for the benefit of the business and our broader customer base” ... a much needed shining light in tough economic times! ”



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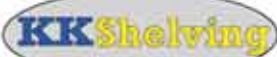
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Generation Z... your future customers

As you plan for the future of your business, you cannot ignore this very important demographic that already shops in your store, but will become your main customer in the next decade or so.

South Africa's shopping patterns tend to follow North American trends due to our lifestyle and the influence of TV and social media from America. In most cases those trends will be with us in the next 2–5 years and our 18–22 year old Gen Z shoppers, are bound to follow their US counterparts in time to come.

The research presented here was conducted by Field Agent, a crowd sourcing research company that sends interviewers to retail outlets and gathers information on a variety of subject matter.

This research was recently conducted throughout the US where it interviewed a total of 775 18–22 year olds. At the same time, the survey also spoke to 1 303 40–60 year olds, representing the Gen Z parents' age.

A comparison can be drawn about the shopping habits of both generations and some very interesting facts have come out.

Who are Gen Z shoppers?

The research panel showed that...

- Over a third (38%) still live with their parents
- One in five (19%) live with a spouse or "significant other"
- 8% are parents or guardians to at least one child
- 11% shop for one or more children
- More than a third (35%) own and shop for a pet
- A huge number (78%) cook their own meals



Gen Z speaks:
 “I’ll probably go to the store fewer times a week (in 5–10 years), and try to get as much variety as I can as quickly and cheaply as I can”

- A quarter (26%) own a smart speaker and 9% make their food purchases by using their smart speakers
- 30% of them are the primary grocery shopper in their households
- 54% purchase the store's private label products
- Two thirds of the respondents claim to eat at home, while the balance go to take-aways and restaurants.

So, we can see that many of these young people live away from home, many have partners and children and they cook for themselves. Interesting target market!

Where do they shop?

Half of the respondents claim to shop at Wal-Mart, while only a third of the older generation shop there as the primary place for food.

The older generation also shopped around in other places such as Target, Aldi, Kroger and Publix but the youngsters less so.

When asked about their expectations in the next 5 to 10 years, a third of both young and old mentioned Wal-Mart as their first choice.

However, when asked about which store they felt more 'favourable' towards, Wal-Mart dropped to second place after Whole Foods. Both young and old saw the healthy offering of Whole Foods as the future trend and they believe that they will support it when looking for healthier alternatives.

Gen Z speaks:
 “People are becoming aware that fast food is really bad for you”

Gen Z (n = 629 who currently shop for groceries)	
Top Splurges	Top Skimps
Meat (57%)	Chips/salty snacks (37%)
Chips/salty snacks (32%)	Breakfast cereals (35%)
Vegetables (31%)	Frozen meals (30%)
Coffee (25%)	Bread (30%)
Breakfast cereal (25%)	Eggs (28%)

40-60 year olds (N = 1 303)	
Top Splurges	Top Skimps
Meat (66%)	Chips/salty snacks (39%)
Vegetables (38%)	Seasonings (34%)
Coffee (32%)	Breakfast cereal (32%)
Cheese (31%)	Bread (30%)
Bread (20%)	Milk (27%)



Faster, easier in-store shopping

"It will be easier and faster to get groceries because of the scan and go machines instead of waiting in line."



Cooking more, 'fresher'

"I think that I'll buy more 'adult' foods. Right now, about 90% of my groceries consist of frozen meals. I think in 5–10 years I'll be buying actual whole meals that I can prepare."



Eating Healthier (e.g. more natural ingredients)

"I hope to be eating more fresh foods. Right now, I am on such a time crunch all the time that I eat more convenience meals."

Another brand that is also emerging amongst the younger shoppers is Trader Joe's, who sell novel food items at low prices served by staff **dressed in Hawaiian shirts**.

The future

When asked about their perception of what their shopping requirements will be in future, Gen Z respondents painted an interesting picture...

- They will look for faster movement in and out of stores, as they are time-starved
- They will look for healthier choices including in convenience foods

“ I am a college student. I am broke. I hope to be able to buy more...and healthier groceries within the next 5–10 years. Probably still shopping at Walmart for the best deals ”

- They believe that they'll look for more fresh items which they want to cook themselves
- They will definitely shop online and collect from store or have the goods delivered as they want to use their time more profitably
- They will be shopping for more people as they mostly believe that they will have a few children
- They believe that as they grow older, they will become more price conscious and will look for coupons and other savings tools
- They also believe that they will be the primary shopper in their family unit
- While currently over 90% of them shop in-store, they believe that over time only half of them will physically visit stores, as they will switch to online shopping.

In short, this valuable customer, who may not look important to you right now, will soon become a crucial part of your business. Look after them so they create a habit of shopping in your store and adjust your development strategies to include all their future expectations.



About Field Agent

Crowdsourcing via smartphones gives Field Agent an unbiased, real-time understanding of consumer shopping habits and frustrations. Field Agent is changing the way the world collects business information. It now trends at 22 000 agents in SA. For more details, email: client@fieldagentsa.com.

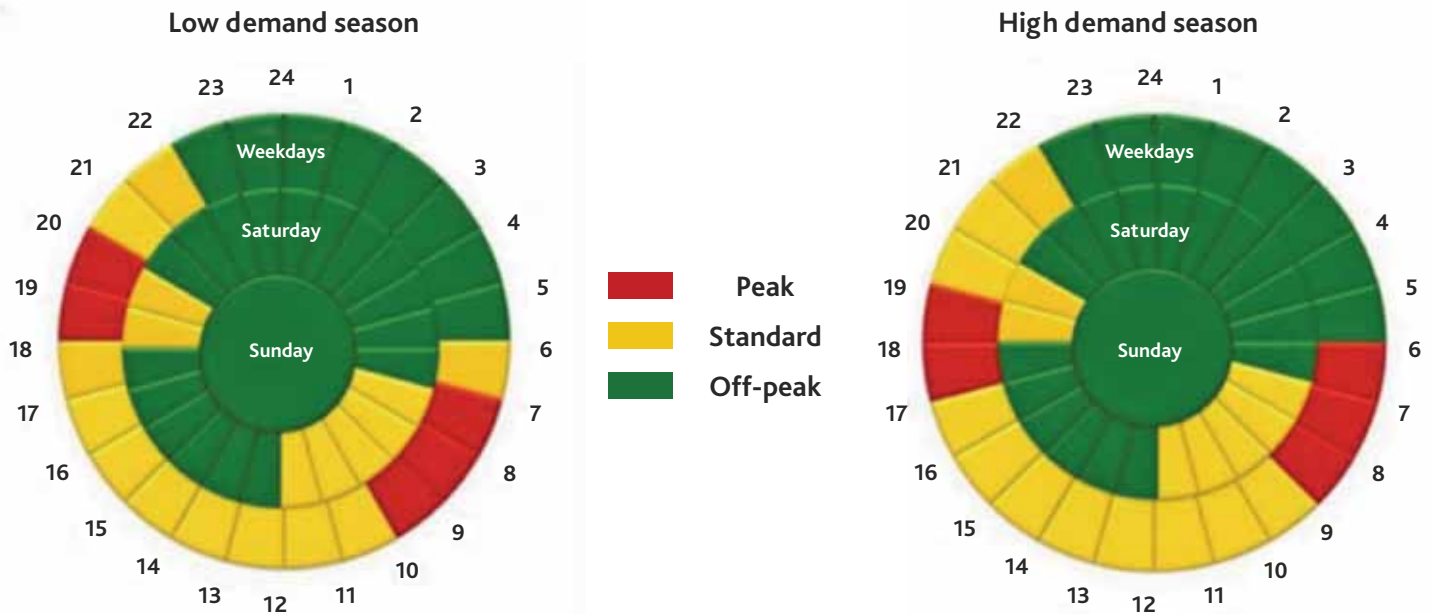
Gen Z (n = 629 who currently shop for groceries)					
From 1-5, where 1 is most important, rank what matters most when grocery shopping					
	Price	Nutrition/Diet	Convenience	Brand	Social/Environmental Impact
#1	58%	20%	13%	7%	3%
#2	26%	24%	34%	10%	6%
#3	10%	30%	25%	23%	13%
#4	3%	18%	21%	30%	27%
#5	3%	8%	8%	29%	51%

40–60 year olds (N = 1 303)					
From 1-5, where 1 is most important, rank what matters most when grocery shopping					
	Price	Nutrition/Diet	Convenience	Brand	Social/Environmental Impact
#1	52%	26%	14%	7%	2%
#2	31%	22%	29%	14%	4%
#3	11%	25%	29%	24%	11%
#4	4%	22%	19%	35%	19%
#5	2%	5%	9%	21%	63%

Understanding your electricity tariffs is the key to taking action to reduce electricity costs



Time of use wagon wheel



Electricity tariffs in South Africa are determined either by Eskom, or by the local authority. Consequently, there are thousands of tariff structures, which make the understanding of electricity costs across the country somewhat tricky.

Electricity tariffs can be extremely complex and an understanding of the various components is necessary in order to evaluate potential energy cost saving measures. Most tariffs have three components to them. A basic charge, a variable kWh rate, and a demand charge are all common across commercial and industrial customers. First, a brief explanation between energy (kWh) and power (kW).

Power is the instantaneous load the equipment places on the electrical network. A geyser for example may draw 3kW of power when the element is on. If the geyser is on for four hours, it will have used $3 \times 4 = 12$ kilowatt-hours (kWh) of energy.

The demand charge is calculated by measuring the maximum demand, or power draw, that a facility uses over any 30-minute period during the monthly billing period. And this maximum demand charge is then applied across the billing period. This power draw is measured in kilowatts (kW). However, the electricity tariff is billed in kilovolt Amps (kVA).

The difference between the two is beyond the scope of this article, but in short, kVA is the power that the municipality needs to supply in order to provide your power requirements. Installing power factor correction equipment can reduce this difference, but kVA will always be greater than the kW.

Another form of demand charge is the Notified Maximum Demand charge. This is a punitive tariff that is applied by some municipalities for exceeding a specified maximum demand and can be the cause of skyrocketing electricity bills.

Another complication is the introduction of variable kWh charges. This is known as Time of Use (TOU) pricing. The strategy behind TOU pricing is that there is a financial incentive for consumers to shift loads out of peak times. Currently in South Africa, the peak times when our national grid is constrained is in the morning and evening, particularly during the winter months. TOU tariffs reflect this in the higher prices charged for energy use during these peak times. This schedule, depicting the time of use times, is shown in the diagram. Low season refers to September through to May. High season refers to June, July, and August.

This variation in cost of electrical energy allows for consumers to shift loads from expensive peak time periods to standard or off-peak time periods. This is known as demand side management. Peak energy rates are set to rise considerably and are already up to eight times more expensive in some municipalities in the winter months.

Successful case studies in retail have demonstrated considerable savings by shifting non-essential loads through, for example, the use of timers on geysers, with Return on Investment often measured in months. Despatch Superspar in the Eastern Cape, successfully reduced their bakery electricity costs by 35% by reorganising baking shifts around the peak times.

Another example of using time of use tariffs is running aircon at the coldest setting during low night time tariffs, to cool down a store's bricks and mortar and using the thermal lag so they do not have to run it as hard during the more expensive daytime tariffs. **SR**



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The real cost of refrigerated display cabinet fan failure

Quality electronic commuted cabinet fans (EC fans) save power. This in the long run will pay for the extra cost.

However, there is perhaps a more potent argument to pay the premium and that is the Total Cost of Ownership to the buyer during their time of ownership.

In recent years, tightening budget constraints and increased pressure from supermarkets for lower prices has led to cabinet manufacturers using cheaper components, simply to ensure their products remain competitive. However, this short-term perspective is not as cost effective as supermarkets would like to believe.

In addition to being less energy efficient, cheaper, basic fans reduce the life and performance of the components in the display cabinets. Quality EC fans can last 5 to 10 times longer, decreasing maintenance costs and the risk of equipment failure.

Here we explore some of the costs associated with poorer quality fans.

Repair cost

If a single fan within a cabinet fails, the unit won't be able to maintain a low enough ambient temperature. The workload placed on the remaining fans often proves too much and the unit will be turned off until it can be repaired. The average price for a technician call-out can be up to R2 500 per visit. Many supermarkets have predetermined fees in place with service companies, who get the RDC back up and running. Technicians often need to make repeat visits. With this, the cost for repairs and replacement fans starts to escalate. These costs are not accounted for when purchasing the RDC, however they can be avoided all together.

Loss of produce

Whether it is a café or a major retailer, cash-flow is king, and eliminating stock wastage is a key element for all managers. Dependant on products in it, a cabinet could hold on average R15 000 worth of stock; with individual product prices ranging from as little as R12 up to R450. When a cabinet fails, stock will need to be disposed of due to health and safety

Tightening budget constraints and increased pressure from supermarkets for lower prices has led to cabinet manufacturers using cheaper components



This short-term perspective is not as cost effective as supermarkets would like to believe

standards, unless the cabinet is emptied within 20 minutes. In the initial procurement process, it appears that the risk of disposing of R15 000 worth of stock is not accounted for when choosing new cabinets. The price difference between an inferior quality fan and a quality EC* axial fan in the cabinet could equate to roughly R230 – or a lamb roast.

Trading loss

When a cabinet fails, the produce stocked within it is removed and the cabinet is out of action. This merchandising space and the sales are then lost.

Public liability

When a cabinet fails, the condensation from the unit can cause flooding onto the aisle floor; which is a health and safety hazard. The risk of a customer slipping on the wet floor and injuring themselves is a moral and

economic dilemma. Suddenly, a cabinet failure becomes a growing financial burden.

About EC Fans

EC motors are brushless DC motors, powered by AC mains. EC fans use permanent magnet motors, running on high voltage direct current (DC) electricity, with built in AC to DC conversions, allowing them to run direct from single phase or three phase main supplies. They incorporate speed control and a long-life expectancy in a product which is the same size as the old, power hungry AC versions they replace.

The payback period seen through switching from AC to EC* fans for their energy efficiency alone, however, is compelling as these fans quickly pay for themselves. **SR**

This information was provided by EBM-Papst a leading manufacturer of EC fans



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Christopher Pragassa, quality manager at ebm-papst



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The **Nude** store for good old-fashioned goodness

By Hippo Zourides

Remember the good old days when, as a child, you popped into the local trading store and asked the 'uncle' to fill your mom's grocery list, consisting of 1lb beans, six potatoes, a bunch of carrots, 10oz of coffee and six slices of ham?

Modern supermarkets have done away with all that, and today the self-service principle rules our lives. Sadly, the evolution of self-service has also increased the packaging menace, especially the use of plastic packaging which is now wreaking havoc in our planet. There are many initiatives in place to reverse the trend – here's one of them.

A new term has been coined! The nude shop. A shop with no plastic packaging in sight and, where necessary, some degradable and recyclable paper packaging is available to take the goodies home.

In Cape Town, Nude Foods on the corner of Constitution and Harrington Streets, Zonnebloem, is an owner-operated outlet not more than 150m² in size, that is reversing the packaging trend of modern shopping.

Owner Paul Rubin (whose business card is a roughly-cut piece of cardboard) tells us that he opened over a year ago and that the growth in business is pleasing as more and more people switch to this type of shopping.

The merchandise is displayed in bulk containers of various shapes and sizes, but the self-service still applies. Customers can browse the store to choose from a range of pasta, nuts, seeds, legumes, pulses, olives, oil, fruit and vegetables and even shampoo, conditioner and liquid soap.

The whole concept works on a trust basis and the customer, who may bring his/her own container or packaging from home, can weigh the products on a scale and present the items for payment at the counter before exiting the store.

The only packaged goods in sight were a range of organic and natural toiletry items such as soaps and toothpaste.

When done, customers can relax in a café in an open yard and enjoy organic coffee or a variety of herbal teas.

A nice addition to trendy Cape Town!



Nuts, legumes and seeds are some of the products sold loose from these attractive display units



Jars are also used to display a variety of items



The fermented health drink Kombucha is available on tap



A limited range of loose fresh produce is also available



A handmade pasta display



Items that contain sugar, such as dried fruit, are displayed in units with lids to stop contamination by flies and other insects



Customers have a choice of pastas made from interesting ingredients



Although some customers bring their own bottles or packets, they can also buy jars and disposable containers for their chosen produce

Customers weigh their own products and take them to the counter for payment and packaging the bulk into paper bags



This customer was testing the consistency of shampoo, conditioner and bath oil before she filled up with bottles brought from home



The way we shop is changing – and Walmart's grocery pickup service is one such advance that has experienced rapid growth with no signs of slowing down.



Walmart's online shopping + in-store pickup service proving a winning combination

Numerator, a market intelligence firm that brings together omnichannel marketing, merchandising and sales data, recently gathered data surrounding Walmart's leading grocery pickup service. The giant retailer has built up an extensive grocery pickup system for many of its stores. This is only the start. Walmart plans to have 3 100 locations offering this service by the end of 2019. Here are Numerator's fascinating findings that just cannot be ignored in an increasing digital world.

Who is the Walmart Grocery Pickup shopper?

Numerator data showed Grocery Pickup shoppers are young, affluent households with children. They have the money to spend with little time to spare. These shoppers are willing to spend more using Grocery Pickup and tend to be more loyal to Walmart among other Grocery Pickup services.

According to Numerator data, these shoppers are busy and tech-savvy; therefore, Walmart Grocery Pickup makes life easier.

- 32% Walmart Grocery Pickup shoppers say they have no time to take care of themselves
- 82% of Walmart Grocery Pickup shoppers use their smartphone to shop online
- 59% use their computer to shop online
- 40% are price driven
- 64% find shopping online enjoyable
- 76% save time shopping online
- 52% save money shopping online

Walmart Online Grocery Pickup covets convenience and budgeting

Numerator found that when comparing Walmart Grocery Pickup against competitors, shoppers are satisfied with Walmart and will recommend it to others. Most importantly, data showed that Walmart has the most to gain from Grocery Pickup, as consumers prefer it over the in-store experience:

Walmart Grocery Pickup baskets are bigger than in-store shops

Further, Numerator broke down how shoppers shop Grocery Pickup. Compared to in-store baskets, Walmart Grocery Pickup baskets are much larger and get larger with use. In addition, Walmart Grocery Pickup is more than just grocery items. Health, beauty, and household items are bought on more than 50% of Grocery Pickup trips.

Ad Spend is key

Walmart has dedicated around 40% of all its ad spend to promoting Online Ordering over the past 13 months. Included in these online ordering ads was a Super Bowl Online Grocery Pickup ad, on which Walmart has spent an estimated \$31M across all occurrences (the Super Bowl is the grand final match in the US style football league that attract the country's single biggest TV audience).

That ad also appeared on the Golden Globes and has been repurposed to 15 and 30-second versions to air on many other shows. Specifically, 67% of Walmart's TV ad spend in January and February of 2019 focused on online ordering.

Walmart has also used digital coupons to promote Grocery Pickup from as early as May 2018. The retailer featured a \$10 off digital coupon code on the front page of 60% of their circulars since late May 2018, and during late June and mid-July, the offer was upped to \$10 off of the shopper's first three orders.

Numerator's point of view

"A majority of Walmart's Online Grocery Pickup users are not just users, but advocates, which projects positively for Walmart in the long-term. Cultivating more advocates by delivering a consistently positive pick-up experience, while continuing to expand the service to more store locations, should position them well in the omnichannel grocery arena."

"Early adoption is key. This service is attracting very valuable shoppers, who are building larger baskets using Online Grocery Pickup than they do in-store, or through in-store pick-up. It's going to be much harder to get customers to switch over in an online grocery world, especially those who have used a competing service like Amazon's Prime Now multiple times."

Numerator data provides insights on Walmart's Grocery Pickup

... and convenience is king



Numerator, a market intelligence firm, recently gathered data surrounding Walmart's leading grocery pickup service. The giant retailer has built up an extensive grocery pickup system for many of its stores – and this is only the start with Walmart planning to have 3 100 locations offering grocery pickup by the end of 2019.

65%

% of Walmart Grocery Pickup shoppers that use Amazon Prime
Index to Total Walmart Shoppers: 133

45%

% of Walmart Grocery Pickup shoppers think grocery shopping is a chore
Index to Total Walmart Shoppers: 128

39%

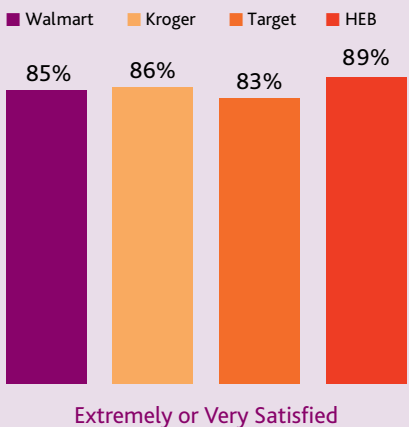
% of Walmart Grocery Pickup shoppers want a quick in and out trip
Index to Total Walmart Shoppers: 117

40%

% of Walmart Grocery Pickup shoppers are budget driven when shopping
Index to Total Walmart Shoppers: 120

Grocery Pickup Satisfaction by Retailer

Shoppers Using Pick Up at Each Retailer

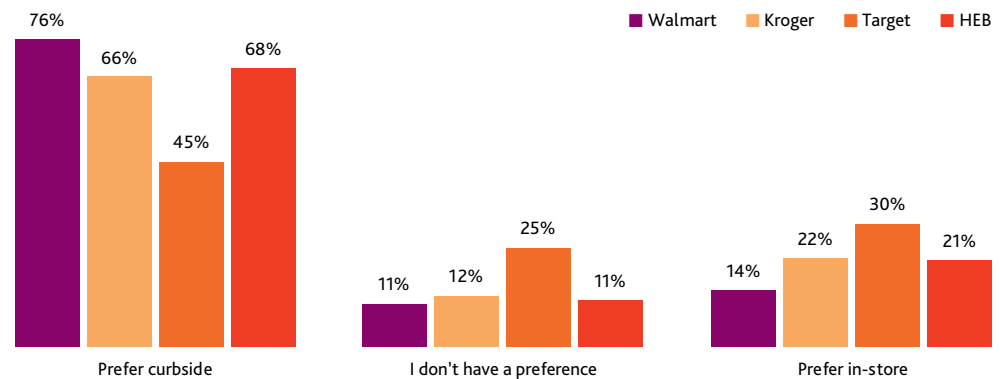


Likelihood to Recommend Grocery Pickup by Retailer

Shoppers Using Pick Up at Each Retailer

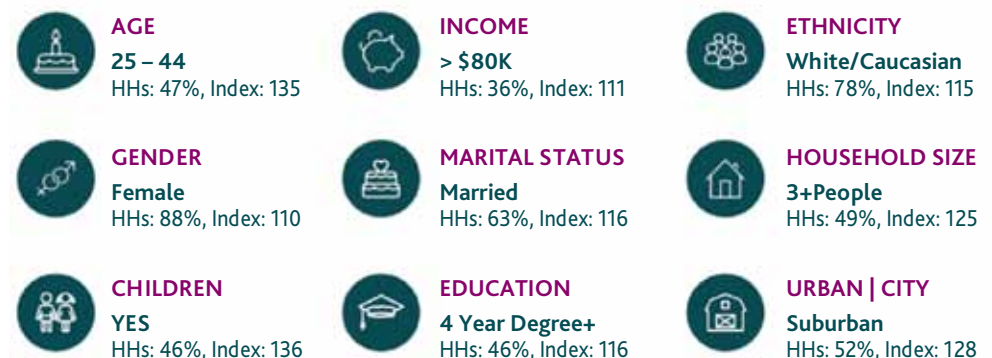


Which do you prefer when shopping? By Retailer

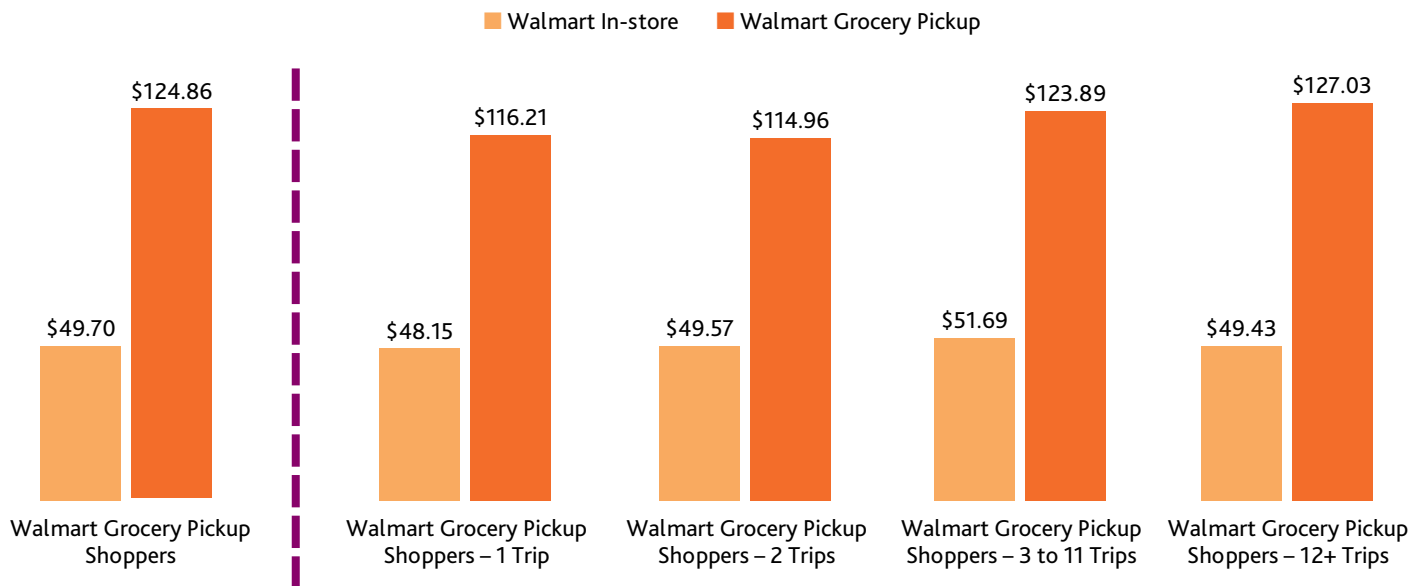


Shopper Demographics

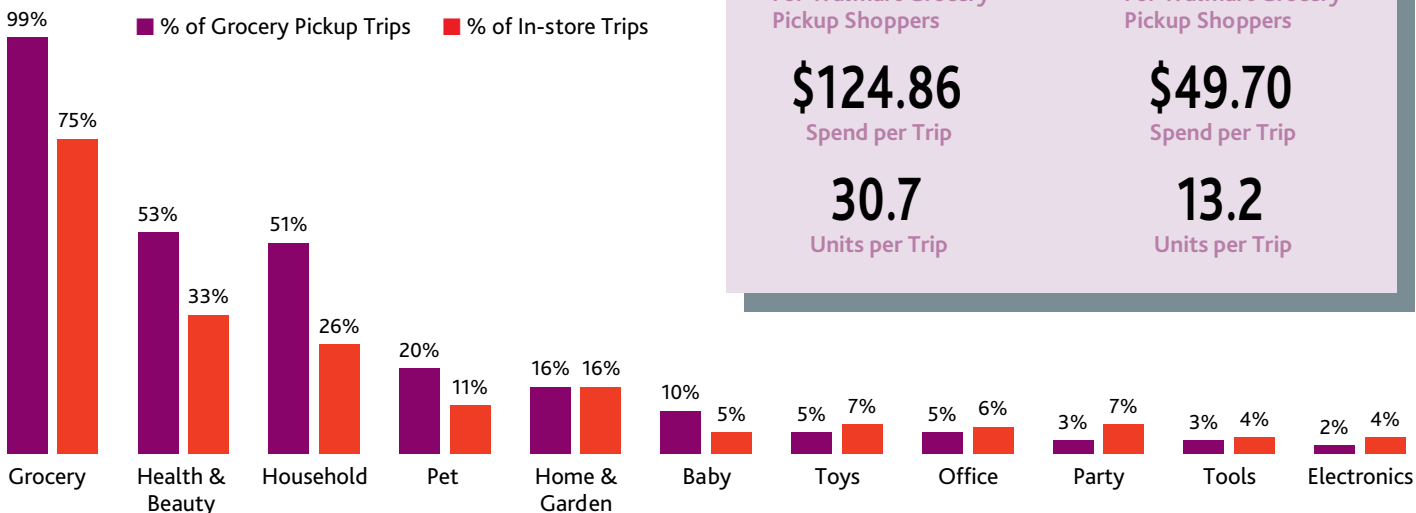
Walmart Grocery Pickup Shoppers vs All Walmart Shoppers



Average Basket Spend, Walmart Grocery Pickup vs Walmart In-store



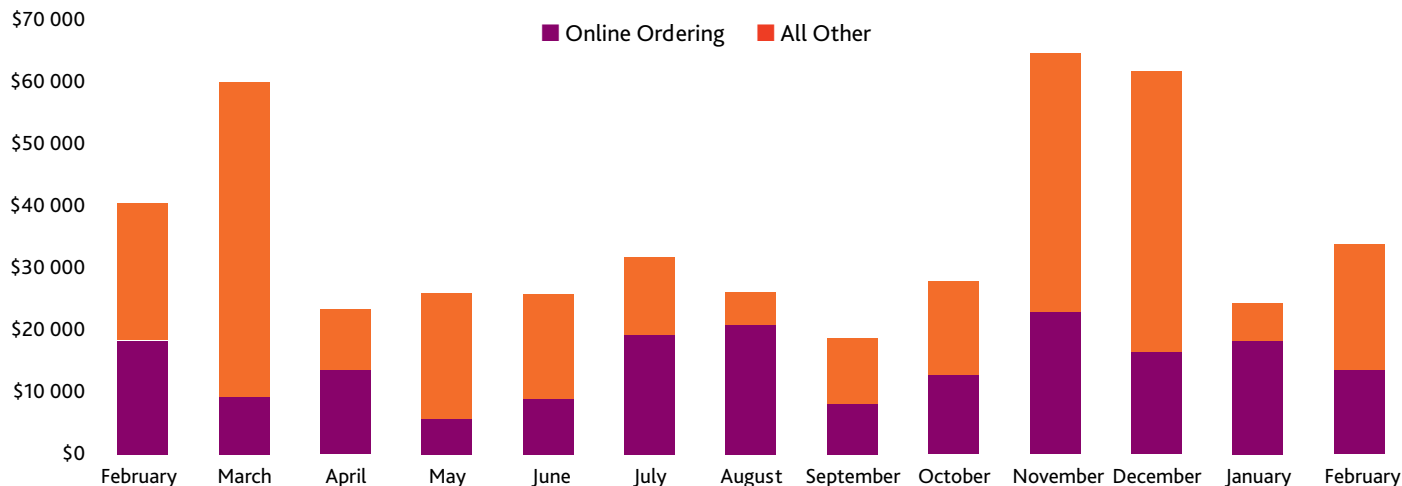
% of Trips that include the Sector



Walmart Grocery Pickup For Walmart Grocery Pickup Shoppers	Walmart In-Store For Walmart Grocery Pickup Shoppers
\$124.86 Spend per Trip	\$49.70 Spend per Trip
30.7 Units per Trip	13.2 Units per Trip

Walmart Online Ordering vs All Other Ads

Spend in \$000s





By Hippo Zourides

The Food Lovers entrance cannot be missed in the lower level of the mall. Wide and welcoming, it says "Welcome to freshness"

Food Lovers Market Hermanus

The Petim family is at again! Brothers Mario, Dino, Marco and José Petim have opened yet another Food Lovers Market. This time in Hermanus in the Cape.

The family has been featured in the pages of Supermarket & Retailer before, when both FLM Eatery's in Cape Town and Sandton were discussed.

The latest venture incorporates all the best features from their previous experience, plus some new novel ideas to extend the 'theatre of food' concept that this group has become known for.

Opened in November 2018, the store, has a trading area of 1 700m² and is in the lower level of the new Whale Coast Mall, a location that avoids the town's CBD parking nightmare. The mall allows shoppers the opportunity for an outing and to browse many national and local retailers, while enjoying a meal or a cup of coffee.

Freshness

As is usual with the Food Lovers model, the bulk of the floor space is allocated to fresh and service departments (see pictures for more detail), but the store also displays dry groceries, cleaning aids and toiletries, to complete the outing as a one-stop experience.



Next to the entrance is a compact Seattle Coffee Shop which also opens up to the parking lot

Groceries are dominated by the FLM private and confined labels, which include exclusive imports of pasta, olive oil and many other products.

Open seven days a week from 8am to 7pm, the store employs 140 people and is serviced by 14 checkouts, with the typical snake queue in place. The queue is loaded

with impulse lines from both the perishable and grocery areas.

Theatre of food

The brothers have taken this theme to a new level of execution. Freshness and quality are evident throughout the store. The colour blocking of the displays entices



The 14 checkouts follow a snake queue and ensure a quick exit for customers



On entering the store, a bulk section with lots of value-for-money deals catches the shopper's attention



The chilled perishable range is limited to fast sellers, which makes the visual merchandising display appealing to the eye



THEATRE OF FOOD

- The colour blocking of the displays entices shoppers to each part of the store
- The latest development is the incorporation of selected sounds in different parts of the shop. For example, in the fresh fish section, the 'market feel' of the display is enhanced by the sound of sea gulls and a ship's horn



Food Lovers is famous for its excellent pricing on fresh produce and this end-display ensures that every shopper's basket has at least three mangoes in it

Colour blocking is a trademark of the produce displays at Food Lovers and the customer can easily differentiate between the product ranges



shoppers to each part of the store and the latest development is the incorporation of selected sounds in different parts of the shop. For example, in the fresh fish section, the 'market feel' of the display is enhanced by the sound of sea gulls and a ship's horn.

The dairy section includes a moving cow's head that 'moos' every few minutes. The fresh produce department has some hay stacks and a farmer figurine with a pitchfork to remind shoppers that the produce is farm-fresh.

Every service department includes interesting twists to amplify the 'theatre' aspect of the displays. In a butchery corner, in a glassed-off section, the blockman is busy cutting prime cuts into steaks or sosaties; in the take-away section, oriental chefs prepare sushi; in the fresh produce section or the bakery, staff offer the shopper tasty samples; while the fishmonger cleans and fillets fish, to the customer's request



The fresh fish department appeals to the eye while the customer is also drawn to it by the harbour sounds of ship horns and seagulls emanating from the bulkhead



Adequate space has been allocated to the health corner to give the shopper a wide choice of product



This corner is dedicated to self-service for nuts, dried fruit and sweets which has become a trademark of most Food Lovers' stores



This display fridge sells both berry products and a variety of 'take home' snacks and drinks



Space above the fridges and shelving has been cleverly used to create a sense of theatre in the store. Here in the fresh produce department it is used to highlight that the products are farm fresh



Freshly-cooked fish (grilled or fried) is available for take away or consumption in the in-store sit down area



Fresh meat has both a self-service and a serviced area. Here the cut-to-order meat offering is displayed under glass with appropriate meat-enhancing lighting



The butchery is also fitted with a 'theatre' area where the blockman can be seen performing his duties



These pyramid displays, made out of stainless steel, display the various sausages made in-store and do not require a large amount of stock to achieve the required effect



Clear advice is given to the meat consuming public with great visuals and simple wording

The hot and cold prepared foods take-away island is located in the middle of the store. Here Sushi is prepared and sold for both take away as well for in-store consumption



Back-up and support

The Petim brothers have not skimped on the back-up areas either. Every department has been fitted with the latest equipment to ensure the staff can do their job properly. At about 1 200m² the area is well sized. Each department has its own refrigeration set at the correct temperature. Separate cold and freezer rooms are allocated to the butchery (fitted with rails to ensure proper stock rotation), to the bakery, the deli and prepared foods and to the frozen and chilled food departments. There is no danger of contamination and every department is able to grow its sales with adequate fridge space for back-up stock to cover peak sales periods.

Management was evident throughout the store and many personal conversations with customers were taking place when we visited the store.

Although both Checkers and Woolworths are located in the same mall, the Food Lovers offering is bound to be a favourite of both the town's residents and visitors to Hermanus.



The bakery corner has mouth-watering displays mostly on a self-service basis. The cake display fridge is restricted to only one row of cakes to ensure freshness



Fresh doughnuts are a destination for mothers with kids



The ready-cut fruit salad bar is complemented by a juicing area where the customer's selection of fruit and veg is juiced to order



The Food Junction takes the form of a red bus and the shape of a street vending spot. Here items such as burgers and schwarma are sold



Children are catered for with miniature trolleys



The salad bar (with a sneeze guard) allows self-service selection and is replenished throughout the day



Garlic bread (made in store) is obviously a great seller in Hermanus



The 'theatre' displays are included in the dairy section with the cow above calling 'Moo' every now and then, while moving its head



Hot prepared foods and pizza continue the convenience factor throughout the store



On the way to the snake queue and the checkouts, the shopper is attracted to a low-level bank of fridges loaded with convenience items



The dry grocery range is comprehensive, and the gondola ends are well used to display the current special offers



Dry grocery displays are dominated by the Food Lovers own brand ranges and include the brand leaders in each category

Woolworth food factory opening

There's a growing drive for retailers to produce world class innovative foods that differentiate them from competitors.

Woolworths has just launched a new production facility in collaboration with one of their leading suppliers, In2Foods, that takes this to a new level.

A cake in the shape of the factory building was produced by the in-house baking team of In2Foods



As the largest and most diverse ultra-fresh food facility of its kind in the southern hemisphere, and the second largest CO₂ refrigeration facility in the world, the new Bonaero site was developed to Woolworths quality specifications and will create 600 new jobs.

The ribbon-cutting ceremony was performed by the Director-general of the DTI, Lionel October, and the CEO of Woolworths, Zyda Rylands, while the CEO of In2Foods Richard Cooper looked on



Various personalities were invited to cut the cake in the shape of the food factory

Plant-based foods trend – ignore it at your peril

Notwithstanding a slow start, the trend to plant based foods is sure to take a significant share of the food market

South African retailers were recently exposed to the latest developments in plant-based foods in Europe and the US at a recent SACSC (SA Council of Shopping Centres) research conference, held in Johannesburg.

The information was shared by Jessica Pastore, a senior analyst with the US health foods chain, Whole Foods Market .

A definition

Pastore cleared up for the audience the main differences between vegan (another important trend) and plant-based foods.

The latter are defined as whole foods that are sold close to the farm where they are grown, flexible (allow variations) and accepting (do not react to other food trends, such as meat eating). Vegans on the other hand are more dogmatic in their approach to their cause.

Plant-based foods are nutrient packed, protein rich, gluten and sodium conscious.

A new trend in the US and Europe is that many plant-based products are now labelled as such and have dropped the vegan label.

Whole Foods Market

The chain now has 500 stores throughout the US and are renowned for selling the biggest range of natural and organic foods in North America. Their customers are high-income individuals, who are well educated and are very health-conscious.

The customer loyalty levels are very high (10% of their customers account for 40% of their turnover).

In June 2017, Amazon purchased a controlling interest in Whole Foods.

European trends

Whole Foods employ the services of Daymon, a global company that assists food chains in developing their private label strategies and create differentiation from their competitors.

Trends are not only investigated in food stores but also in restaurants and fast food outlets and the earnings are then applied to their own product development.

Examples shared by Pastore included:

- In Scandinavia and the UK, McDonalds have introduced the McVegan and El Veggo burgers, vegetarian nuggets and even McVegan happy meals for kids
- In various European countries, milk-alternative yoghurts are all the rage. Examples, include yoghurt made from almond milk or coconut milk or soy milk and even from camel milk
- In the UK, 31% of the population claim to now eat less meat and there are 7 million vegetarians (14% of the total population), of which, half claim to be vegan. The business has grown by a whopping 700% over the last two years and London has replaced Berlin as the No. 1 vegan-friendly city in the world



- Waitrose, who now have over 350 stores, launched 50 new plant-based items in May 2018, followed by a further 40 in October and a further 15 in February 2019. They now have a range of 180 plant-based items. Some of their stores have up to five drops of refrigeration for vegetarian/vegan products with attractive signage that pulls the consumer to their shelves.
- Waitrose has also launched a range of international plant-based foods, such as Thai sticky rice, Bombay potatoes, Chinese crispy seaweed, green Thai curry and vegetarian tikka masala.
- Tesco with over 600 stores and 30% of the UK food market, estimates that the vegan/vegetarian/plant-based market in the UK is worth more than US\$400 million. With this in mind, 20 new plant-based foods were launched in January and doubled its sales in a 33-week period to 4 million units. Some of its range includes BBQ mushroom sourdough pizza, carrot pastrami spiced wraps and a Moroccan-inspired bowl
- Tesco also sold 40 000 Vivera vegan steaks during the first week of the product's launch
- Google Trends also indicate that a spike in sales of plant-based foods coincided with the release of health and diet related movies, especially on Netflix
- The speaker reminded us to look out for the next new release at Netflix called 'Game Changers' (date to be announced). The documentary illustrates how many personalities, ranging from film stars to sportsmen/women to fire fighters and also average people, have changed their performance levels by switching to plant-based foods. Look out for it!

Plant-based foods are not a fad. This is a trend that will stay with us as more and more people adopt this type of diet. Will your store or chain keep up with it?

- In 2018 in the US, plant-based foods grew by 20% (total food market grew by 2%) and there were some amazing growth patterns in the various categories, such as...

Category	Growth	Product example
Alternative milk	9%	Swedish oat milk
Alternative meat	24%	Beet juice added to veg burger for bloody effect
Alternative cheese	43%	Almond milk cream cheese
Alternative meals	28%	Sushi made from tomato skin
Alternative eggs	16%	Egg flavour made from plants



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Pick n Pay reflects on a sterling year



Pick n Pay announced its results for the year ending February 2019 and it has turned to be the best year since it introduced fresh management into the company six years ago.

A combination of increased sales (7,1% increase on last year), contained spending (the retrenchment costs of last year are now showing the benefit), better buying (the group shows an internal deflation of 0,3%, with CPI being pegged at 3,4%), and the opening of 110 new stores (adding an extra 2,3% to group sales) have all contributed to a result that was well received by the market.

Sales in existing stores grew by 4,8% in Rands and by 5,1% in volume, indicating how their increased promotional activity has built sales. The company gross profit also grew marginally to 19% (18,9% last year).

Headline earnings per share grew 18,0%, with diluted HEPS up 18,8%. Profit before tax (PBT) was up 17,3%, with the PBT margin improving from 2,2% to 2,4%.

The re-invigorated promotional activity has focused on reduced prices on fresh meat, fresh produce and commodities and the company claims to have gained market share within South Africa.

Boxer once again proved to have a winning formula and it is defined in the company results as the country's leading limited-range discount supermarket.

Other highlights from the company report include:

- The housebrand division now contributes to 21% of group turnover
- Clothing, liquor and online are all performing well
- 103 stores were refurbished during the period
- Stock holding has been reduced by 10,5% on last year through a thorough stock rationalisation programme
- Stores are now sourcing up to 75% of their requirements from their local distribution centres (last year it was 65%)
- The Smart Shopper loyalty programme is now used by 7,2 million active shoppers and the company shared a whopping R6,6 billion in benefits but interestingly only 30% of the shoppers made use of this benefit
- Over a million car users have benefitted from the new partnership with BP, where Smart Shopper cards are presented when filling up
- TymeBank was launched three months ago and to date 250000 accounts have been opened
- The rest of Africa division's profit was down by 16,2% due to challenges in Zimbabwe and elsewhere and the next venture is to soon break into the Nigerian market.

There is no doubt that Pick n Pay's new trajectory is on the up and the group has many plans on the way to maintain and improve this pattern.

Trans-fat pledge sets interesting precedent on how 'food villains' are tackled

The International Food and Beverage Alliance's (IFBA) has pledged to phase out industrially-processed trans-fat from the global food supply by 2023. The commitment sets an interesting precedent with regards to how other 'food villains' are tackled in processed foods, says GlobalData, a leading data and analytics company.

IFBA comprises 12 food and beverage powerhouses including The Coca-Cola Company, McDonald's, Nestle and Unilever. The pledge comes a year after the World Health Organization (WHO) launched an initiative to provide guidance for all countries on how to remove artificial trans-fats from their foods, with a view to eradicating the ingredient worldwide by 2023.

WHO has singled out industrially-produced trans-fats as the cause of over 500 000 deaths from coronary heart disease globally each year, and its elimination from the food supply represents a simple and effective way to save lives.

While trans-fats are unmistakably linked to a range of harmful outcomes, it is by far not the only contributor to dietary-related health problems. As the health impacts of other ingredients such as salt, sugar and saturated fats are increasingly scrutinised, it will be interesting to see how WHO implements similar commitments and, more significantly, how the food and drink giants respond.

Katrina Diamonon, Consumer Insights Analyst at GlobalData, says, "It is far easier for brands to employ other health-promoting initiatives such as portion control, clear nutritional information and responsible marketing. However, enacting changes with regards to product ingredients and formulation is an entirely different undertaking. This trans-fat pledge may represent a 'slippery slope' that brands will need to **navigate if WHO continues to crack down on renowned food villains.**" **SR**



National 2019

ISSA Cleantex – Cleanliness in the workplace

04 June | Midrand

An all-encompassing professional cleaning and facility maintenance solutions event designed to attract the relevant sectors of its target market, showcasing their innovations and introducing new companies.

Juliet Cullinan Standard Bank Wine Festival

04 June | Sandton

A firm fixture for wine connoisseurs and lovers alike. Meet leading winemakers, discuss maturation, the latest vintage, buy rare wines at special show prices and sip from large glasses, custom made to refine the flavour of each grape

Madex

04 June | Sandton

Co-located with Africa's premier promotional product expo, Markex. This expo showcases the best and latest within the highly targeted promotional product space.

SAPICS Conference & Exhibition

09 June | Cape Town

Professionals with a passion for supply chain management meet to discuss topics and explore resources relevant to the supply chain profession and benefit from valuable networking opportunities.

Old Mutual Trophy Wine Show Public Tasting

02 June, Johannesburg | 20 June, Cape Town

The country's most prestigious wine competition. Tasting wines are all silver, gold or trophy medal winners which have excelled in the judging.

SAITEX

23 June | Sandton

An event for buyers of the very latest retail and trade products – consumer electronics or appliances, homeware, DIY or garden, giftware, jewellery, auto, tooling, fashion or household products.

Africa's Big 7

23 June | Sandton

This brings together hundreds of global suppliers with motivated buyers from each segment of the buying community.

FoodNext.Africa

24 June | Sandton

This captures the conversation around food disruption from farm-

to-fork. A collaborative meeting place where startups, innovators, investors and thought leaders come together to share visions, projects and experiences.

Social Media Content Survey SA

27 June | Sandton

The study relates to paid social media communications via networks, blogs, posts, messaging, speech and chat interfaces, and email. The study will assess the interest in social media content related tools, search engine optimisation and AI.

Fire & Feast Meat Festival

05 July | Johannesburg

Educate yourself on anything regarding meat purchasing, to cooking and, of course, eating.

Food & Drink Technology Africa

09 July | Sandton

This provides a comprehensive overview of the latest developments in the beverage and food industry in South Africa and is a networking and business platform.

World of Dogs and Cats Pet Exhibition

19 July | Sandton

The primary purpose for holding such an event is to expose the public to purebred dogs, cats and horses and inform them of what responsible pet ownership involves.

Coffee & Chocolate Africa

26 July | Johannesburg

Expo to the all-new eccentric, decadent and exclusive coffee & chocolate, allowing exhibitors to target a large segment of the market and sell their quality products and base services.

PMA Fresh Connections

30 July | Cape Town

This event sparked interest of over 400 decision makers in the international and South African agri-business supply chain last year.

The Business Show

31 July | Sandton

A business expo, conference and networking event for anyone serious about starting or growing a bigger and more successful business.

International 2019

GlobalShop Show and Conference

25 June | Chicago

A design and merchandising trade show which delivers opportunities to grow business and drive the future of the industry, with activities designed to help you thrive at the crossroads of retail

Just V Show (Vegetarian & Vegan)

05 July | London

An event for vegans, certified vegetarians, or those simply interested in a lower meat, plant-based diet. Find delicious food and drink, tips, life-hacks, advice and like-minded people. **SR**

SATO CL4NX Retail Printer



SATO TH2 Portable Printer



SATO Judo Food Hand Labeller



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WHY YOU SHOULD **ADD THESE PRODUCTS** TO YOUR TROLLEY.

SATO is a global powerhouse in the supermarket and retail environment, offering a diverse array of robust, intelligent solutions to businesses everywhere. Here are 3 prime examples of their feature-packed products.

SATO CL4NX Retail Printer

A durable, compact mid-range printer with industry-leading performance and specifications, this simple but smart model features:

- Durable, diecast aluminium design
- Superior print accuracy
- Variety of media types, wound-in or out, ribbon & label
- Space saving design – bi-fold side cover
- Easy set-up & maintenance
- Full colour interactive LCD display
- Multiple interfaces include LAN, USB & Bluetooth

SATO TH2 Portable Printer

A portable, standalone printer that is small in size but big on functionality, the TH2 is ideal for applications such as price marking, shelf labelling, food safety and preparation labelling. Features include:

- Small & compact
- Portable, battery operated
- One-touch, high resolution printing
- Date & time stamp
- Wide, adjustable LCD display
- Supports 2D bar code printing
- Multiple interfaces – USB / LAN

SATO Judo Food Hand Labeller

This economical, user-friendly hand labeller is ideal for food and food safety labelling, and features:

- 13 Text Food Safety Rotary Cliché (top)
- Date/Time/Price indication (bottom)
- Greater usage flexibility
- Easy to use & maintain
- Higher cost-effectiveness

For more about SATO's supermarket and retail products, contact us on one of the numbers below or send an email to autoid@kemtek.co.za.



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